



2011-2015 FIVE-YEAR IMPLEMENTATION PLAN AND 2011-2020 TEN-YEAR HOUSING COMPLIANCE PROGRAM

HOUSING AND REDEVELOPMENT COMMISSION



SOUTH CARLSBAD COASTAL REDEVELOPMENT AREA

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ABOUT THIS IMPLEMENTATION PLAN

This document, adopted on March 8, 2011*, is the Five-Year Implementation Plan ("Implementation Plan") for the South Carlsbad Coastal Redevelopment Project Area ("Project Area") in fulfillment of Article 16.5 of the California Community Redevelopment Law ("Law"). This Plan presents the Carlsbad Housing Redevelopment Commission's ("Commission") anticipated projects and programs, goals and objectives, as well as estimated revenue for the five-year planning period of 2010-11 through 2014-15. This Implementation Plan also includes the 10-year Housing Compliance Program (2011-2020) as required by Law. Adopting this Plan does not approve any of the listed projects. Specific project implementation activities are subject to environmental review and discretionary approvals by the Commission. This Plan replaces the Commission's existing Five-Year Implementation Plan and Ten-Year Housing Compliance Program.

Notable Timeframes	
Redevelopment Plan Effectiveness	
Adopted 2000	Expires 2031
Tax Increment Collection	
Expires 2046	
Implementation Plan	
2011-2015	
Housing Compliance Program	
2011-2020	
(For affordable housing program planning)	

*Housing and Redevelopment Commission Resolution No. 499.

ABOUT THE PROJECT AREA

The City of Carlsbad is located in the northwestern portion of San Diego County, approximately five miles south of the Camp Pendleton Marine Corps Base and 30 miles north of downtown San Diego. Incorporated in 1952, the city encompasses an area of approximately 39.1 square miles with an estimated population of 106,804 persons as of 2010.¹ Its natural setting, strong commercial and industrial base, and proximity to the Pacific Ocean provide a unique living and working environment.

The Commission was formed in 1981 to facilitate redevelopment activities in the City of Carlsbad. In 1999, the Commission initiated the adoption of the South Carlsbad Coastal Redevelopment Area, with final adoption on July 18, 2000. The Project Area includes the Carlsbad Boulevard alignment, Ponto Beach area, the South Carlsbad State Beach Campgrounds, and the Encina Power Station. Redevelopment became a tool for the City to address issues of blight in the area relating to deteriorating and dilapidated buildings, health and safety hazards, incompatible land uses, inadequate utilities and infrastructure.



South Carlsbad Coastal Redevelopment Area

¹ SANDAG, August 2010.

RECENT ACCOMPLISHMENTS

During the past five years, the Commission has facilitated planning efforts to provide a successful background for future projects and programs in the Project Area. These efforts have culminated in the completion of the Ponto Beachfront Village Vision Plan and approval by the Housing and Redevelopment Commission, as well as certification of the related Environmental Impact Report (EIR).

The Encinas Creek Bridge, over which Carlsbad Boulevard traverses in the central portion of the Project Area, was replaced in 2010 due to its deteriorated and unsafe condition. The replacement project cost was approximately \$2.34 million.

The Commission has also worked diligently to oppose the approval of a second power plant in the South Carlsbad Coastal Redevelopment Area by the California Energy Commission (CEC). The Housing and Redevelopment Commission does not have jurisdiction over approval of the permits for the new power plant. However, it is the Commission's opinion that it does have jurisdiction to require the applicant to obtain required redevelopment permits and to require certification that the new power plant will provide an extraordinary public purpose, per the requirements of the South Carlsbad Coastal Redevelopment Plan. The applicant and the CEC have failed to submit for the required redevelopment permits and to certify that they have met the extraordinary public purpose findings. Therefore, the Housing and Redevelopment Commission has continued to oppose approval of the permits for the power plant from both a legislative as well as judicial perspective. Through Fiscal Year 2009-10, the Commission has committed approximately \$1.4 million toward this effort.

In addition to the planning work, infrastructure improvements, and administrative efforts noted above, the Redevelopment Agency has initiated work on a project and planning effort to exchange property with the State of California and to ultimately realign Carlsbad Boulevard to enhance recreational opportunities for those who live, work and play in Carlsbad. These efforts will not only eliminate blighting influences in the area but also provide additional visual and recreational enhancements for the Carlsbad community.

REVENUE PROJECTIONS

Private investment of projects will be the primary financing tool for projects in the South Carlsbad Coastal Redevelopment Area. Tax increment financing will be used as appropriate for public programs, facilities and/or improvements.

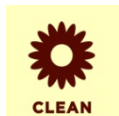
The Commission had a cash balance of \$640,722 at the end of Fiscal Year 2009-10. The Commission received no non-housing tax increment revenue in fiscal year 2009-10. Due to reduced assessments for the power plant property within the South Carlsbad Coastal Redevelopment Area over the past five years, the current assessed value for the area is less than the original base value by approximately \$64 million. Therefore, the Commission has received no tax increment revenue over the past five years, and does not expect to receive any tax increment revenues until such time as substantial new developments are completed. By the end of the five-year Implementation Plan period (FY 2014-15), the Commission anticipates that

total assessed property value will have recovered to the original base value, and therefore could begin receiving tax increment revenue in fiscal year 2015-16, outside this planning period.

The Low and Moderate Income Housing Set-aside Fund had an ending balance of approximately \$310,000 as of June 30, 2010. As with non-housing tax increment revenue, the Commission does not anticipate accruing any additional housing set-aside revenue during the 2011-2015 Implementation Plan period.

REDEVELOPMENT GOALS

In 2000, the Commission adopted the Redevelopment Plan for the Project Area ("Redevelopment Plan") establishing a variety of goals for redevelopment of the Project Area; these goals frame the near term redevelopment objectives for the Implementation Plan period. The Redevelopment Plan is intended to achieve the following goals:



Eliminating blight and environmental deficiencies in the Project Area.



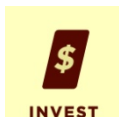
Assembling of land into parcels for modern, integrated development with improved pedestrian and vehicular circulation in the Project Area; rezoning, redesigning and developing properties which are stagnant or improperly utilized.



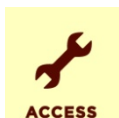
Increasing, improving and preserving the city's supply of housing affordable to very low, low and moderate income households.



Developing new beach and coastal recreational opportunities.



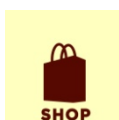
Facilitating the redevelopment of the Encina Power Station to a physically smaller, more efficient power generating plant.



Funding the Carlsbad Boulevard realignment which will yield excess property that could facilitate expansion of the Carlsbad State Beach campgrounds and/or provide for other recreational facilities.



Retaining as many existing businesses as possible by means of redevelopment and rehabilitation functions in the Project Area.



Enhancing commercial and recreational functions in the Project Area; increasing parking and open space amenities.



Strengthening the economic base of the Project Area and the city by installation of needed on- and off-site improvements to stimulate new commercial/residential expansion, employment and economic growth.



Implementing performance criteria to assure quality site design and environmental standards to provide unity and integrity to the entire Project Area development.

PROPOSED REDEVELOPMENT PROGRAM

This section describes the proposed projects and funding sources (and some cost estimates) for the five-year planning period of this Implementation Plan, and identifies the relevant Redevelopment Plan goals that will be achieved in addressing the blighting conditions originally found in the Project Area.

Existing Blight in the Project Area



According to the Commission's documents, prepared to justify establishing a redevelopment program, the Project Area contained numerous blighting conditions including the following:








- Incompatible uses
- Inadequate public infrastructure
- Irregular lots under mixed ownership
- Physical conditions that hinder economic viable use
- Buildings and infrastructure that are dilapidated, unsafe and unhealthy









In order to address the remaining blight, it is anticipated that the Commission will guide and direct development of the following private and/or public projects during the next five years. Many of the projects are proposed to be constructed by private developers according to the Ponto Beachfront Village Vision Plan and other land use strategies for the Project Area. However, the Commission will also pursue various public-private or public-public partnerships to complete other desired projects/developments within the Project Area.

As a reflection of the Commission's revenue projections it is anticipated the majority of these projects will be funded from non-property tax increment sources. Public projects will be funded with loan proceeds from the city and/or bond proceeds to be repaid at a later date with tax increment funds.

Projects

Project/Program Description	Funding Source	Goals Achieved
<p>Live-Work Neighborhood</p> <p>This project proposes to reuse some existing buildings as well as retain some existing businesses to enhance the Project Area's economic base.</p> <p>This project will eliminate factors hindering economically viable uses, incompatible uses and unhealthy buildings.</p>	<p>Private Investment and Available Tax Increment for related public improvements</p>	<div> WORK</div> <div> HELP</div>

Project/Program Description	Funding Source	Goals Achieved
<p>Garden/Resort Hotel</p> <p>Three story hotel with ocean views, a restaurant, spa and meeting rooms.</p> <p>This project will eliminate factors hindering economically viable uses.</p>	<p>\$75 million from Private Investment</p>	
<p>Village Hotel</p> <p>Low-rise hotel that may also be developed with apartments or for-sale multi-family residential uses, in addition to providing support for the Mixed Use Center.</p> <p>This project will eliminate factors hindering economically viable uses and lots under mixed ownership.</p>	<p>Private Investment and Available Tax Increment for related public improvements</p>	 
<p>Desalination Facility</p> <p>Commission has approved permits to allow for development of a new desalination facility on property within the Project Area.</p> <p>This project will eliminate factors causing inadequate public infrastructure, economic viability and incompatible uses, and also provide for a reliable water source to allow for future private and public development.</p>	<p>\$285 million from Private Investment</p>	 
<p>Street Enhancements</p> <p>Exchange of property with the State of California, and realignment of Carlsbad Boulevard with general right-of-way improvements to Avenida Encinas, Carlsbad Boulevard, Cannon Road and Ponto Drive. These improvements may include street overlay construction, traffic control upgrades, curb and gutter replacement, new and rehabilitated sidewalks, bikeway improvements, bridge rail replacement, landscape and additional turn lanes.</p> <p>These street enhancements will improve inadequate public infrastructure and safety infrastructure in the overall Project Area.</p>	<p>Private Investment and Available Tax Increment as appropriate for the proposed improvements</p>	 

Project/Program Description	Funding Source	Goals Achieved
<p>Capital Improvement Projects</p> <p>Various Commission-approved capital projects that have been identified to improve aging or dilapidated public infrastructure. Capital projects include, but are not limited to repairs, upgrades, and replacement of sewer and water systems; storm drain system repairs and improvements; trail and beach access improvements.</p>	<p>Available Tax Increment as appropriate and other public financing</p>	 CLEAN  HELP
<p>Encina Power Station Property Redevelopment</p> <p>Complete planning efforts to allow for redevelopment of power plant property into a new center for tourist-visitor-resident activities, such as hotel, restaurants, recreational amenities, parking and other public infrastructure.</p> <p>These developments and improvements will eliminate incompatible uses, physical conditions that hinder economic viable use, and buildings and infrastructure that are dilapidated, unsafe and/or unhealthy. Inadequate public infrastructure will also be addressed.</p>	<p>Tax Increment and other public financing</p>	 CLEAN  REUSE  PLAY  INVEST  SHOP  HELP

TEN-YEAR HOUSING COMPLIANCE PROGRAM

This section contains the Commission's 10-year Housing Compliance Program. The Law requires that the Commission evaluate specific requirements relating to the Implementation Plan's affordable housing programs in the future. Redevelopment agencies use implementation plans to establish objectives for achieving compliance with the Law regarding their affordable housing programs. Affordable housing obligations generally fall into three categories:

- Housing Production – based on the number of housing units constructed or substantially rehabilitated in the Project Area, a redevelopment agency must ensure that a percentage of these units are affordable to very-low, low- and moderate- income households.
- Replacement Housing – redevelopment agencies must ensure that any housing units destroyed or removed as a result of a redevelopment project are replaced within four years.
- Targeting Household Types – identify the amount of housing set-aside funds the redevelopment agency will allocate on increasing and improving the supply of housing affordable to very low income households and low income households, and housing for residents under the age of 65.

The housing programs the Commission will implement during the next 10 years are described below.

Housing Production

To estimate the number of housing units that need to be affordable to low- and moderate-income households, the Commission estimated the total number of units to be constructed or substantially rehabilitated in the Project Area and applied mandates established by the Law. "Substantially rehabilitated" is defined in the Law, Section 33413(b)(2)(A)(iv) as a rehabilitated structure, "the value of which constitutes 25% of the after rehabilitation value of the dwelling, inclusive of the land value". Generally, 15% of all privately developed or substantially rehabilitated units within a redevelopment project area must be affordable to very low, low and moderate income households, and not less than 40% of these units must be affordable to very low income households. Further, 30% of all Commission developed or substantially rehabilitated units must be affordable to very low, low and moderate income households and not less than 50% of these units must be affordable to very low income households. All of the affordable units must feature covenants that maintain their affordability for 45 years, if they are owner-occupied dwellings, and 55 years, if they are rental dwellings.

During the 10-year planning period (2011-2020) of this compliance plan, no new housing development or substantial rehabilitation is expected to take place in the Project Area. Since 2000, when the redevelopment plan and first 10-year housing compliance plan were adopted, there were no units produced or substantially rehabilitated, and no units are expected to be produced or substantially rehabilitated during the next 10-years (2011-2020). Therefore, no production requirement has been or is anticipated to be generated. However, if future development in the Ponto Area is successful, there is the potential for up to 100 units to be built

as an alternative to a visitor-serving commercial development or as part of a mixed use development. If this does occur, this plan will be amended accordingly.

Fulfillment of Affordable Housing Production Requirements

During the Implementation Plan, no additional residential units are anticipated to be constructed unless the property owner/developer seeks approval of an alternative development which is permitted under the existing zoning. The existing zoning and Vision Plan for the area allow for visitor-serving commercial as well as mixed-use and/or residential. If this alternative development is pursued, there may be up to a maximum of 100 privately-developed residential units constructed within the area. This would result in a requirement to build 15 inclusionary units affordable to low/moderate income households, with 6 of the units affordable to very low income households. This requirement will be provided for within the private developments, or according to a separate development approved within an affordable housing agreement. The Housing and Redevelopment Commission does not intend to construct affordable housing within the South Carlsbad Coastal Redevelopment at this time.

Replacement Housing

During the Implementation Plan period, the Commission does not anticipate that any Commission-assisted projects will result in the displacement or removal of housing units. Consequently, the Commission does not anticipate that any housing will need to be replaced at this time.

Expenditures by Household Types

Based on estimates as of July, 2010, the Commission anticipates that the low and moderate income housing fund has a fund balance of approximately \$310,000. Over the 10-year planning period it is conservatively estimated that the Project Area will generate \$3 million in 20% low and moderate income housing set aside revenue, if private development occurs as anticipated. These funds may be used both inside and outside the SCCRA to provide for affordable housing units.

The Commission's low and moderate income housing set-aside revenue is to be expended to assist housing for persons of very low and low income in at least the same proportion as the total number of housing units needed for each of those income groups bears to the total number of units needed for persons of very low, low, and moderate income within the city. In addition, the low and moderate income housing set-aside revenue is to be expended to assist housing that is available to all persons regardless of age in at least the same proportion as the number of low-income households with a member under the age 65 years bears to the total number of low-income households of the city.

The minimum thresholds for housing program expenditures that would be required over the term of the Implementation Plan are shown on the following table. The spending targets are based on the 2005-2010 Regional Housing Needs Assessment ("RHNA") used by the City of Carlsbad to meet the state planning requirements for affordable housing by category, as well as 2000 Census Bureau estimates regarding householder age and income.

<i>Household Type</i>	<i>No. of Households</i>	<i>Percentage of Housing Set-aside Expenditures over Implementation Plan</i>	
<i>By Income¹</i>			
<i>Very Low Income Households (up to 50% AMI²)</i>	1,726	48%	<i>Minimum</i>
<i>Low Income Households (51-80% AMI)</i>	647	18%	<i>Minimum</i>
<i>Moderate (81-120% AMI)</i>	1,223	34%	<i>Maximum</i>
<i>Total</i>	3,596	100%	
<i>By Age³</i>			
<i>Low Income Householders Under Age 65</i>	24,722	79%	<i>Minimum</i>
<i>Low Income Householders Age 65 or Older</i>	6,688	21%	<i>Maximum</i>
<i>Total</i>	31,410	100%	

Notes:

(1) City of Carlsbad, Annual Housing Element Progress Report, 2009

(2) AMI: Area Median Income

(3) 2000 U.S. Census SF 3, Age of Householder by Householder Income in 1999

While it is anticipated no affordable units will be developed in the Project Area during the 10-year planning period, the Commission will be evaluating potential programs and projects as to their ability to meet RHNA requirements.

- **Housing Set-Aside Expenditures since July, 2005.** It is estimated the Commission has expended \$157,000 of the housing set-aside funds received for the Project Area during the five-year period of the previous implementation plan (2005-2010). A total of \$75,847 in revenue was received during this time. The fund balance at the end of the 2009-2010 fiscal year was approximately \$310,000. The funds were expended on various affordable housing administrative activities leading to the completion of the Ponto Beachfront Village Vision Plan, its respective housing elements and housing development administrative activities. Additionally, since July 2000, the Redevelopment Agency has expended low-moderate income housing funds from both the Village and Project Area on two (2) affordable housing projects outside both redevelopment areas.
- **Family Units Assisted by Housing Set-Aside Fund.** State law also requires a recap of the number of the projects assisted by the housing set-aside fund over the past Implementation Plan period divided by family projects (open to all age groups) and senior projects (restricted to residents age 65 and older). Although no new residential units have been developed, or are anticipated to be developed over the next ten years in the Project Area, the mixed-use developments and alternate land use zoning do allow for new residential units and would create 15 new affordable units with 6 being restricted to households with very low-incomes, if ultimately developed. As units are developed, the Commission expects to be in compliance with this requirement within the proposed developments. This plan will be amended if applications for new residential development are received for processing. As noted, the redevelopment requirements for affordable housing will be met within any new residential development, or as allowed by redevelopment law.

For the affordable housing developments outside the Project Area but assisted with low-moderate income housing funds, both projects were family housing developments. The

percentage of low income affordable units within those developments was 31%, and the very low income unit percentage was 69%. No moderate income affordable units were assisted with low-moderate income housing set-aside funds.

- **Housing Units Constructed During Prior Implementation Plan Without Housing Set-Aside Funds.** Since July 2000, no other funding source was used by the Commission to construct affordable units featuring long term covenant restricted units (affordable units with covenants of at least 45 years for ownership housing or 55 years for rental housing).